

**Uintah Basin Assistance Council, Inc.**  
**Roosevelt, Utah**  
**Financial Statements**  
**Year Ended March 31, 2008**

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## Independent Auditors' Report

To the Board of Directors  
Uintah Basin Assistance Council, Inc.  
Roosevelt, Utah

We have audited the accompanying statement of financial position of the Uintah Basin Assistance Council, Inc. (the Organization) as of March 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Child, Van Wagoner & Bradshaw, PLLC  
Kaysville, Utah  
November 14, 2008

**Uintah Basin Assistance Council**  
**Statement of Financial Position**  
**March 31, 2008**

**ASSETS**

Current Assets:

Cash-unrestricted	\$ 4,611
Cash-PTIF unrestricted (Note 2)	6,497
Accounts receivable	924
Total current assets	<u>12,032</u>

Restricted deposits:

Tenant deposits held in trust	4,178
Reserve account	22,444
Total restricted deposits	<u>26,622</u>

Property and equipment:

Land	126,993
Buildings	477,091
Construction in progress	376,986
Furniture and equipment	13,238
Total fixed assets	<u>994,308</u>
Less: Accumulated depreciation	<u>(185,665)</u>
Net fixed assets	808,643

Total assets	<u><u>\$ 847,297</u></u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accrued taxes payable	\$ 2,725
Accounts payable - other	236
Notes payable-current portion (note 3)	17,646
Total current liabilities	<u>20,607</u>

Deposits and prepaid liabilities:

Tenants' security deposits	4,150
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Long-term liabilities:

Notes payable-less current portion (note 3)	637,648
Total long-term liabilities	<u>637,648</u>

Net Assets:

Unrestricted net assets	184,892
Total net assets	<u>184,892</u>

Total liabilities and net assets	<u><u>\$ 847,297</u></u>
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See accompanying notes to basic financial statements.

**Uintah Basin Assistance Council**  
**Statement of Activities**  
**Year Ended March 31, 2008**

**Support and Revenue:**

Management fees	\$ 101,502
Rental income	50,225
Total support and revenue	<u>151,727</u>

**Operating Expenses:**

Administrative expenses	119,822
Utilities	4,856
Ordinary maintenace and operations	6,638
Insurance	15,381
Depreciation	13,923
Total operating expenses	<u>160,620</u>

Change in operating net assets (8,893)

**Non-operating income (expenses)**

CDBG grant income	96,000
Donation income	39,740
Interest income (Note 12)	1,128
Interest expense	(7,452)
Total non-operating income (expenses)	<u>129,416</u>

Change in net assets 120,523

Net assets at beginning of year	64,369
Net assets at end of year	<u>\$ 184,892</u>

See accompanying notes to basic financial statements

**Uintah Basin Assistance Council**  
**Statement of Cash Flows**  
**Year Ended March 31, 2008**

**Cash flows from operating activities:**

Change in operating net assets	\$	(8,893)
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Adjustments to reconcile change in operating net assets  
to net cash provided by operating activities:

Depreciation		13,923
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(Increase) decrease:

Deposits held in trust		250
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Increase (decrease):

Accounts payable		1,124
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Tenants' security deposits		(459)
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Net cash provided by operating activities		5,945
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**Cash flows from investing activities:**

Principal payments received on notes receivable-related party		13,034
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Purchase of fixed assets		(9,870)
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Interest income		1,128
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Net cash used in investing activities		4,292
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**Cash flows from financing activities:**

Principal payments on long-term liabilities		(12,855)
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Interest expense		(7,452)
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Net cash provided by financing activities		(20,307)
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Net decrease in cash and cash equivalents		(10,070)
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Cash and cash equivalents at beginning of year		43,622
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Cash and cash equivalents at end of year	\$	33,552
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**Supplemental disclosure of cash flow information:**

Cash paid during the year for interest	\$	7,452
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Cash received during the year for interest	\$	1,128
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Note payable draws for construction of duplex	\$	98,801
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Land donation	\$	39,740
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CDBG funds expended for construction in progress	\$	96,000
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See accompanying notes to basic financial statements.

**Uintah Basin Assistance Council, Inc.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2008**

**1. Organization and summary of significant accounting policies**

Organization

The Uintah Basin Assistance Council, Inc. (Organization) was organized to provide housing assistance to the low-income population of the Uintah Basin (Duchesne, Daggett and Uintah Counties of Utah) and to acquire, lease, rent or maintain low-income rental properties, to provide rehabilitation funds to eligible low-income families, and to provide other assistance to the same segments of the population.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In addition, the financial statement presentation follows the recommendations of the Financial Accounting Standards Board in Statement of Financial Accounting Standard (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*". None of the Organization's assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets according to SFAS No. 117. The accrual basis of accounting recognizes revenues at the time they are earned. Expenditures are recorded when incurred.

Revenue Recognition

Management fee income is compensation paid to the Organization for managing certain projects. Management fee income is posted on a monthly basis as services are rendered. Rental income is recognized when pervasive evidence of the tenant's compliance with the rental agreement exists and collectability is reasonably assured.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Non-Profit Status

The Organization was organized as a non-profit organization in accordance with the laws of the State of Utah. The Organization has received general exemption from income taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Property and Equipment

Property and equipment is recorded at cost and depreciated using the straight-line method of depreciation over the estimated useful lives of the assets ranging from (5) five to (40) forty years. There have been no impairments to property below carrying value as a result of adopting SFAS No. 144 "*Accounting for the Impairment or Disposal of Long-lived Assets*".

**Uintah Basin Assistance Council, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended March 31, 2008**

**1. Organization and summary of significant accounting policies (continued)**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers unrestricted investment instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents at March 31, 2008 consists of cash and cash-PTIF-unrestricted. Restricted cash held as tenant deposits held in trust is not considered a cash equivalent.

Accounts Receivable and Bad Debts

Accounts receivable consist of tenant rents and management fees receivable. The Organization's customers are primarily low-income rental tenants and management fees from other low income projects in the Duchesne, Daggett and Uintah County areas of Utah that may be affected by changing economic conditions. Management believes that its credit review procedures and tenant deposits have adequately provided for usual and customary credit-related losses. The Organization's policy for charging off tenant receivables is to consider write-down of receivables extending beyond 120 days after significant collection efforts have been made or when the financial condition of tenants warrant charge-off. Tenant receivables are determined to be past due after 30 days regardless of whether partial payments have been received.

Recently Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115.*" The fair value option established by this statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements.*" This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007.

In December 2007, the FASB issued SFAS No. 160, "*Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51.*" This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The statement requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net



**Uintah Basin Assistance Council, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended March 31, 2008**

**1. Organization and summary of significant accounting policies (continued)**

Recently Issued Accounting Pronouncements (continued)

income attributable to the parent and to the noncontrolling interest. This statement is effective for fiscal years beginning on or after December 15, 2008. The statement applies prospectively as of the beginning of the fiscal year in which this is applied.

In December 2007, the FASB issued SFAS No. 141(R), "*Business Combinations*." This statement replaces FASB Statement No. 141, "*Business Combinations*." This statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. This statement requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the statement. This statement requires the costs incurred to effect the acquisition (acquisition-related costs) to be recognized separately from the acquisition. Also, this statement requires the acquirer to recognize those restructuring costs separately from the business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

In March 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 161, "*Disclosures about Derivative Instruments and Hedging Activities*" (an amendment to SFAS No. 133). This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 and requires enhanced disclosures with respect to derivative and hedging activities. The Company will comply with the disclosure requirements of this statement if it utilizes derivative instruments or engages in hedging activities upon its effectiveness.

In May 2008, the FASB issued Statement No. 162, "*The Hierarchy of Generally Accepted Accounting Principles*". This statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "*the Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*."

In May 2008, the FASB issued Statement No. 163, "*Accounting for Finance Guarantee Insurance Contracts – An Interpretation of FASB Statement No. 60*". The premium revenue recognition

**Uintah Basin Assistance Council, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended March 31, 2008**

**1. Organization and summary of significant accounting policies (continued)**

Recently Issued Accounting Pronouncements (continued)

approach for a financial guarantee insurance contract links premium revenue recognition to the amount of insurance protection and the period in which it is provided. For purposes of this statement, the amount of insurance protection provided is assumed to be a function of the insured principal amount outstanding, since the premium received requires the insurance enterprise to stand ready to protect holders of an insured financial obligation from loss due to default over the period of the insured financial obligation. This Statement is effective for financial statements issued for fiscal years beginning after December 15, 2008.

**2. Deposits and Investments**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the Organization of the State of Utah Money Management Act (the Act) that relate to the deposit and investment of public funds.

The Organization follows the requirements of the Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Organization funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

***Deposits***

***Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the Organization's deposits may not be returned. The Organization does not have a formal deposit policy for managing custodial credit risk. As of March 31, 2008, all of the Organization's bank balances of \$43,839 were insured and collateralized.

The Act defines the types of securities authorized as appropriate investments for the Organization and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with the issuers of the investments securities.

Statutes authorize the Organization to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements;

**Uintah Basin Assistance Council, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended March 31, 2008**

**2. Deposits and Investments (continued)**

***Investments***

commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

Through May 2005, statutes also authorized the Organization to invest funds acquired by gift, private grant, and the corpus of funds functioning as endowments according to the rules of the Money Management Council. Rule 2 allows the Organization to invest these funds in any of the above investments or any of the following, subject to satisfying certain criteria: professionally managed pooled or commingled investment funds, or mutual funds which satisfy certain criteria; common stock, convertible preferred stock, or convertible bonds; corporate bonds or debentures; and alternative investments as defined in the rule. As of May 2, 2005, state law allows endowment funds of higher education institutions to be invested in accordance with Board of Regents default investment guidelines or in accordance with policies adopted by the Institution's Board of Trustees and approved by the Board of Regents. Effective June 30, 2005 the Board of Regents has required all institutions to continue investing endowment funds in accordance with Rule 2 of the money management act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the amortized cost of the pool shares. For the year ended March 31, 2008, the Organization had investments of \$6,497 with the Utah Public Treasurers Investment Fund. The entire balance had a maturity of less than three months.

**Uintah Basin Assistance Council, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended March 31, 2008**

**3. Notes Payable**

Notes payable consists of the following at March 31, 2008:

State of Utah – Dated March 16, 2007, payable is not due until all draws have been made and closing documents signed, the total limit available on the note is \$347,224. Interest rate is 1.50% and payments will be monthly starting October 1, 2008. The note is collateralized with land and construction in progress with a carrying value of \$295,986. \$ 285,929

State of Utah – Dated June 15, 1994, payable in monthly installments of \$194 at an interest rate of 0%. The final payment is due March 2024. The note is collateralized with land and a building with a total carrying value of \$28,822. 36,901

State of Utah – Dated July 11, 1994, payable in monthly installments of \$336 at an interest rate of 0%. The final payment is due July 2024. The note is collateralized with land and a building with a total carrying value of \$103,691. 107,527

State of Utah – Dated March 2, 1998, payable in monthly installments of \$319 at an interest rate of 4%. The final payment is due March 2028. The note is collateralized with land and a building with a total carrying value of \$49,905. 58,827

State of Utah – Dated May 5, 1998, payable in monthly installments of \$240 at an interest rate of 3%. The final payment is due September 2028. The note is secured by land (net book value of \$10,688) and buildings (net book value of \$35,217). 43,323

State of Utah – Dated February 9, 2000, payable in monthly installments of \$603 at an interest rate of 3%. Interest began accruing January 1, 2003. Payments began February 1, 2003. The final payment is due February 2032. The note is collateralized with land and a building with a total carrying value of \$118,973. 122,787

655,294

Less current portion (17,646)

\$ 637,648

The fair value of notes payable is, in management's estimation, substantially equivalent to the face value of the notes due to the nature and terms of the notes (see also explanation of interest rates on the following page).

**Uintah Basin Assistance Council, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended March 31, 2008**

**3. Notes Payable (continued)**

Future maturities of long-term debt are as follows:

Year ending March 31:

2009	\$ 17,646
2010	22,570
2011	22,935
2012	23,312
2013	23,699
Thereafter	<u>545,132</u>
	<u>\$ 655,294</u>

As is customary in the low-income housing industry, interest rates on loans used to finance the purchase of low-income housing are, in some cases, substantially below usual prevailing market rates in other industries and many loans bear interest rate subsidies and longer terms than what is customary. As a result, debt discounts based on the future value of the cumulative differences between actual interest rates and prevailing market rates have not been recorded on the Organization's financial statements as the difference between actual interest rates and interest rates that are customary in the industry are not considered material. Management is of the opinion that recording substantial debt discounts based on differences from prevailing rates in other industries would make the financial statements misleading.

**4. Functional Allocations of Expenses**

Expenditures incurred in connection with the operations and expenditures made for the purpose of the Organization have been summarized on a functional basis in the Statement of Activities.

**5. Risk Management**

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Various insurance policies have been purchased to cover the risks described above. The insurance policies require minimal deductible amounts which the Organization pays in the event of any loss. The Organization also has purchased a workers' compensation policy. Settled claims resulting from losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Uintah Basin Assistance Council, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended March 31, 2008**

**6. Related Party Transactions**

On December 1, 2004, the Organization loaned \$25,000 to Golden Springs Vernal, LLC in which the Organization has an ownership interest. Payments are to be received in monthly installments of \$427 at an interest rate of 1% per annum and the note is unsecured. The Organization received total principal and interest payments in the amount of \$13,034 during the year ended March 31, 2008.

During the year, the Organization received land valued at \$39,740 from Myton City Housing Authority which is governed by the same board as the Organization.

**7. Commitments and Contingencies**

The Organization leased a copier under a non-cancelable operating lease with monthly payments of \$85 per month. Total expense for the year ended March 31, 2008 is \$510. The lease terminated in September 2007, and was not renewed upon expiration.

**Uintah Basin Assistance Council**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended March 31, 2008**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>Department of Housing and Urban Development (HUD):</b>		
HOME Investments Partnership Program	14.239	\$ 452,039
Community Development and Building Grant	14.228	<u>96,000</u>
Total expenditures of federal awards		<u>\$ 548,039</u>

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Uintah Basin Assistance Council, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters based on  
an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Board of Commissioners  
Uintah Basin Assistance Council  
Roosevelt, Utah

We have audited the financial statements of Uintah Basin Assistance Council (the Organization) as of and for the year ended March 31, 2008, and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.



Board of Commissioners  
Uintah Basin Assistance Council

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 08-1 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, Board of Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Child, Van Wagoner & Bradshaw, PLLC  
Kaysville, Utah  
November 14, 2008

**Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

Board of Directors  
Uintah Basin Assistance Council  
Roosevelt, Utah

Compliance

We have audited the compliance of Uintah Basin Assistance Council (the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended March 31, 2008. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2008.

Board of Directors  
Uintah Basin Assistance Council

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, board of directors, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Child, Van Wagoner & Bradshaw, PLLC  
Kaysville, Utah  
November 14, 2008

**Uintah Basin Assistance Council**  
**Schedule of Findings and Questioned Costs**  
**Year Ended March 31, 2008**

Section I-Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported
- Non compliance material to financial statements noted?        Yes   X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

       Yes   X   No

Identification of major programs?

CFDA Number(s)  
14.239

Name of Federal Program or Cluster  
HOME Investments Partnership Program

Dollar threshold used to distinguish between type A and type B programs:

  \$  300,000  

Auditee qualified as low-risk auditee?

  X   Yes        No

**Uintah Basin Assistance Council, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended March 31, 2008**

**08-1 Failure to follow generally accepted accounting principles throughout the year**

*Condition:* The Organization made several journal entries at year end to comply with generally accepted accounting principles regarding the proper accrual based recording of revenues, assets and liabilities. Also, the Authority's policies and procedures do not provide for internal controls sufficient to detect errors in a timely manner.

*Criteria:* Entities receiving government funding should follow generally accepted accounting principles throughout the year.

*Effect:* The Organization made adjustments at year end that were needed to accurately report revenues, notes payable and fixed assets.

*Cause:* The Organization did not record revenues, notes payable and fixed assets in a timely manner.

*Recommendation:* The Organization's personnel must adhere to the basic concepts of generally accepted accounting principles and apply those principles to their financial record keeping. In addition, the Organization's internal controls should include a provision for the timely review, inspection, and monitoring of accounting policies and procedures by persons independent of those who record transactions.

Audittee's Response: See page 21 of this report.

**Uintah Basin Assistance Council, Inc.**  
**Schedule of Findings and Questioned Costs-Prior Year**  
**Year Ended March 31, 2008**

**07-1 Failure to follow generally accepted accounting principles throughout the year**

*Condition:* The Organization did not record a note payable and the construction in progress costs that were incurred at year end to comply with generally accepted accounting principles. In addition the Organization's policies and procedures do not provide for internal controls sufficient to detect errors in a timely manner.

*Criteria:* Entities receiving government funding should follow generally accepted accounting principles throughout the year.

*Effect:* The Organization made adjustments at year end that were needed to accurately report notes payable, and fixed assets.

*Cause:* The Organization did not record notes payable and fixed assets in a timely manner.

*Recommendation:* The Organization's personnel must adhere to the basic concepts of generally accepted accounting principles and apply those principles to their financial record keeping. In addition, the Organization's internal controls should include a provision for the timely review, inspection, and monitoring of accounting policies and procedures by persons independent of those who record transactions.

*Status:* Continues to be an open finding, see finding 08-01.